



House of Representatives

General Assembly

File No. 717

January Session, 2023

Substitute House Bill No. 6931

House of Representatives, May 4, 2023

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE REPORTING FREQUENCY FOR THE HIGHWAY USE TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-493a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2023*):

3 (a) As used in this section:

4 (1) "Carrier" means any person that operates or causes to be operated
5 on any highway in this state any eligible motor vehicle. "Carrier" does
6 not include the state, any political subdivision of the state, the United
7 States or the federal government;

8 (2) "Commissioner" means the Commissioner of Revenue Services;

9 (3) "Department" means the Department of Revenue Services;

10 (4) "Eligible motor vehicle" means a motor vehicle, as defined in

11 section 14-1, that (A) has a gross weight of twenty-six thousand pounds
12 or more, and (B) carries a classification between Class 8 and Class 13,
13 inclusive, under the Federal Highway Administration vehicle
14 classification system. "Eligible motor vehicle" does not include a motor
15 vehicle carrying or transporting milk or dairy [product] products to or
16 from a dairy farm that holds a license to ship milk;

17 (5) "Gross weight" has the same meaning as provided in section 14-1;
18 and

19 (6) "Highway" has the same meaning as provided in section 14-1.

20 (b) (1) For each calendar month commencing on or after January 1,
21 2023, and prior to July 1, 2023, and for each calendar quarter
22 commencing on or after July 1, 2023, a tax is imposed on every carrier
23 for the privilege of operating or causing to be operated an eligible motor
24 vehicle on any highway of the state. Use of any such highway shall be
25 measured by the number of miles traveled within the state by each
26 eligible motor vehicle operated or caused to be operated by such carrier
27 during each month prior to July 1, 2023, and during each calendar
28 quarter commencing on or after July 1, 2023. The amount of tax due from
29 each carrier shall be determined in accordance with the provisions of
30 subdivision (2) of this subsection.

31 (2) Each carrier shall calculate the number of miles traveled by each
32 eligible motor vehicle operated or caused to be operated by such carrier
33 within the state during each month prior to July 1, 2023, and during each
34 calendar quarter commencing on or after July 1, 2023. The miles traveled
35 within the state by each eligible motor vehicle shall be multiplied by the
36 tax rate as follows, such rate to be based on the gross weight of each
37 such vehicle:

T1	Gross Weight in Pounds	Rate in Dollars
T2	26,000-28,000	0.0250
T3	28,001-30,000	0.0279
T4	30,001-32,000	0.0308
T5	32,001-34,000	0.0337
T6	34,001-36,000	0.0365

T7	36,001-38,000	0.0394
T8	38,001-40,000	0.0423
T9	40,001-42,000	0.0452
T10	42,001-44,000	0.0481
T11	44,001-46,000	0.0510
T12	46,001-48,000	0.0538
T13	48,001-50,000	0.0567
T14	50,001-52,000	0.0596
T15	52,001-54,000	0.0625
T16	54,001-56,000	0.0654
T17	56,001-58,000	0.0683
T18	58,001-60,000	0.0712
T19	60,001-62,000	0.0740
T20	62,001-64,000	0.0769
T21	64,001-66,000	0.0798
T22	66,001-68,000	0.0827
T23	68,001-70,000	0.0856
T24	70,001-72,000	0.0885
T25	72,001-74,000	0.0913
T26	74,001-76,000	0.0942
T27	76,001-78,000	0.0971
T28	78,001-80,000	0.1000
T29	80,001 and over	0.1750

38 (c) (1) Each carrier shall file with the commissioner a return, (A) on or
39 before the last day of each month [, a return] for the calendar month
40 immediately preceding, up to and including a return for the month
41 ending June 30, 2023, and (B) on or before the last day of each month
42 following the last day of a calendar quarter commencing on or after July
43 1, 2023, for the calendar quarter immediately preceding, in such form
44 and containing such information as the commissioner may prescribe.
45 The return shall be accompanied by payment of the amount of the tax
46 shown to be due thereon. Each carrier shall be required to file such
47 return electronically with the department and to make such payment by
48 electronic funds transfer in the manner provided by chapter 228g,
49 irrespective of whether the carrier would have otherwise been required
50 to file such return electronically or to make such payment by electronic
51 funds transfer under the provisions of said chapter.

52 (2) Notwithstanding the provisions of subsection (a) of section 13b-

53 61, the commissioner shall deposit into the Special Transportation Fund
54 established under section 13b-68 the amounts received by the state from
55 the tax imposed under this section.

56 (d) (1) Each carrier desiring to use any highway of the state on or after
57 January 1, 2023, shall file an application for a permit with the
58 commissioner, in such form and containing such information as the
59 commissioner may prescribe. No carrier may lawfully operate or cause
60 to be operated an eligible motor vehicle in the state on or after January
61 1, 2023, without obtaining a permit from the commissioner.

62 (2) Upon receipt of a fully completed application from a carrier, the
63 commissioner shall grant and issue a permit to such carrier. Such permit
64 shall be valid only for the carrier to which it is issued and the eligible
65 motor vehicles such carrier operates or causes to be operated on the
66 highways of the state and shall not be assignable. The carrier shall
67 maintain a copy of the permit within each eligible motor vehicle that
68 such carrier operates or causes to be operated in the state.

69 (e) (1) Whenever a carrier fails to comply with any provision of this
70 section, the commissioner shall order a hearing to be held, requiring
71 such carrier to show cause why such carrier's permit should not be
72 revoked or suspended. The commissioner shall provide at least ten days'
73 notice, in writing, to such carrier of the date, time and place of such
74 hearing and may serve such notice personally or by registered or
75 certified mail. If, after such hearing, the commissioner revokes or
76 suspends a permit, the commissioner shall not restore such permit to or
77 issue a new permit for such carrier unless the commissioner is satisfied
78 that the carrier will comply with the provisions of this section.

79 (2) Whenever a carrier files returns for four successive monthly
80 periods prior to July 1, 2023, or two successive calendar quarters on or
81 after July 1, 2023, showing that none of the eligible motor vehicles
82 operated or caused to be operated by such carrier used any highway of
83 the state, the commissioner shall order a hearing to be held, requiring
84 such carrier to show cause why such carrier's permit should not be
85 cancelled. The commissioner shall provide at least thirty days' notice, in

86 writing, to such carrier of the date, time and place of such hearing and
87 may serve such notice personally or by registered or certified mail. If,
88 after such hearing, the commissioner cancels a permit, the commissioner
89 shall not issue a new permit for such carrier unless the commissioner is
90 satisfied that the carrier will make use of the highways of the state.

91 (f) Each person, other than a carrier, who is required, on behalf of
92 such carrier, to collect, truthfully account for and pay over a tax imposed
93 on such carrier under this section and who wilfully fails to collect,
94 truthfully account for and pay over such tax or who wilfully attempts in
95 any manner to evade or defeat the tax or the payment thereof, shall, in
96 addition to other penalties provided by law, be liable for a penalty equal
97 to the total amount of the tax evaded, or not collected, or not accounted
98 for and paid over, including any penalty or interest attributable to such
99 wilful failure to collect or truthfully account for and pay over such tax
100 or such wilful attempt to evade or defeat such tax, provided such
101 penalty shall only be imposed against such person in the event that such
102 tax, penalty or interest cannot otherwise be collected from such carrier.
103 The amount of such penalty with respect to which a person may be
104 personally liable under this section shall be collected in accordance with
105 the provisions of subsection (n) of this section and any amount so
106 collected shall be allowed as a credit against the amount of such tax,
107 penalty or interest due and owing from the carrier. The dissolution of
108 the carrier shall not discharge any person in relation to any personal
109 liability under this section for wilful failure to collect or truthfully
110 account for and pay over such tax or for a wilful attempt to evade or
111 defeat such tax prior to dissolution, except as otherwise provided in this
112 section. For purposes of this subsection, "person" includes any
113 individual, corporation, limited liability company or partnership and
114 any officer or employee of any corporation, including a dissolved
115 corporation, and a member of or employee of any partnership or limited
116 liability company who, as such officer, employee or member, is under a
117 duty to file a tax return under this section on behalf of a carrier or to
118 collect or truthfully account for and pay over a tax imposed under this
119 section on behalf of such carrier.

120 (g) (1) The commissioner may examine the records of any carrier
121 subject to a tax imposed under the provisions of this section as the
122 commissioner deems necessary. If the commissioner determines that
123 there is a deficiency with respect to the payment of any such tax due
124 under the provisions of this section, the commissioner shall assess or
125 reassess the deficiency in tax, give notice of such deficiency assessment
126 or reassessment to the taxpayer and make demand upon the taxpayer
127 for payment. Such amount shall bear interest at the rate of one per cent
128 per month or fraction thereof from the date when the original tax was
129 due and payable. When it appears that any part of the deficiency for
130 which a deficiency assessment is made is due to negligence or
131 intentional disregard of the provisions of this section or regulations
132 promulgated thereunder, there shall be imposed a penalty equal to ten
133 per cent of the amount of such deficiency assessment, or fifty dollars,
134 whichever is greater. When it appears that any part of the deficiency for
135 which a deficiency assessment is made is due to fraud or intent to evade
136 the provisions of this section or regulations promulgated thereunder,
137 there shall be imposed a penalty equal to twenty-five per cent of the
138 amount of such deficiency assessment. No taxpayer shall be subject to
139 more than one penalty under this subsection in relation to the same tax
140 period. Subject to the provisions of section 12-3a, the commissioner may
141 waive all or part of the penalties provided under this section when it is
142 proven to the commissioner's satisfaction that the failure to pay any tax
143 was due to reasonable cause and was not intentional or due to neglect.
144 Any decision rendered by any federal court holding that a taxpayer has
145 filed a fraudulent return with the Director of Internal Revenue shall
146 subject the taxpayer to the penalty imposed by this section without the
147 necessity of further proof thereof, except when it can be shown that the
148 return to the state so differed from the return to the federal government
149 as to afford a reasonable presumption that the attempt to defraud did
150 not extend to the return filed with the state. Within thirty days of the
151 mailing of such notice, the taxpayer shall pay to the commissioner, in
152 cash, or by check, draft or money order drawn to the order of the
153 Commissioner of Revenue Services, any additional amount of tax,
154 penalty and interest shown to be due.

155 (2) Except in the case of a wilfully false or fraudulent return with
156 intent to evade the tax, no assessment of additional tax shall be made
157 after the expiration of more than three years from the date of the filing
158 of a return or from the original due date of a return, whichever is later.
159 If no return has been filed as provided under the provisions of this
160 section, the commissioner may make such return at any time thereafter,
161 according to the best information obtainable and according to the form
162 prescribed. To the tax imposed upon the basis of such return, there shall
163 be added an amount equal to ten per cent of such tax, or fifty dollars,
164 whichever is greater. The tax shall bear interest at the rate of one per
165 cent per month or fraction thereof from the due date of such tax to the
166 date of payment. Where, before the expiration of the period prescribed
167 herein for the assessment of an additional tax, a taxpayer has consented
168 in writing that such period may be extended, the amount of such
169 additional tax due may be determined at any time within such extended
170 period. The period so extended may be further extended by subsequent
171 consents in writing before the expiration of the extended period.

172 (h) (1) Any carrier believing that it has overpaid any taxes due under
173 the provisions of this section may file a claim for refund in writing with
174 the commissioner within three years from the due date for which such
175 overpayment was made, stating the specific grounds upon which the
176 claim is founded. Failure to file a claim within the time prescribed in this
177 section constitutes a waiver of any demand against the state on account
178 of overpayment. The commissioner shall review such claim within a
179 reasonable time and, if the commissioner determines that a refund is
180 due, the commissioner shall credit the overpayment against any amount
181 then due and payable from the carrier under this section or any
182 provision of the general statutes and shall refund any balance
183 remaining. The commissioner shall notify the Comptroller of the
184 amount of such refund and the Comptroller shall draw an order on the
185 Treasurer in the amount thereof for payment to such carrier. If the
186 commissioner determines that such claim is not valid, either in whole or
187 in part, the commissioner shall mail notice of the proposed disallowance
188 to the claimant, which notice shall set forth briefly the commissioner's
189 findings of fact and the basis of disallowance in each case decided in

190 whole or in part adversely to the claimant. Sixty days after the date on
191 which it is mailed, a notice of proposed disallowance shall constitute a
192 final disallowance except only for such amounts as to which the
193 taxpayer filed, as provided in subdivision (2) of this subsection, a
194 written protest with the commissioner.

195 (2) On or before the sixtieth day after the mailing of the proposed
196 disallowance, the claimant may file with the commissioner a written
197 protest against the proposed disallowance in which the claimant shall
198 set forth the grounds on which the protest is based. If a protest is filed,
199 the commissioner shall reconsider the proposed disallowance and, if the
200 claimant has so requested, may grant or deny the claimant or the
201 claimant's authorized representatives an oral hearing.

202 (3) The commissioner shall mail notice of the commissioner's
203 determination to the claimant, which notice shall set forth briefly the
204 commissioner's findings of fact and the basis of decision in each case
205 decided in whole or in part adversely to the claimant.

206 (4) The action of the commissioner on the claimant's protest shall be
207 final upon the expiration of thirty days from the date on which the
208 commissioner mails notice of the commissioner's action to the claimant
209 unless within such period the claimant seeks judicial review of the
210 commissioner's determination pursuant to subsection (l) of this section.

211 (i) (1) Any person required under this section or regulations adopted
212 thereunder to pay any tax, make a return, keep any record or supply
213 any information, who wilfully fails to pay such tax, make such return,
214 keep such records or supply such information, at the time required by
215 law, shall, in addition to any other penalty provided by law, be fined
216 not more than one thousand dollars or imprisoned not more than one
217 year, or both. Notwithstanding the provisions of section 54-193, no
218 person shall be prosecuted for a violation of the provisions of this
219 subsection committed on or after January 1, 2023, except within three
220 years next after such violation has been committed. As used in this
221 subsection, "person" includes any officer or employee of a corporation
222 or a member or employee of a partnership under a duty to pay such tax,

223 make such return, keep such records or supply such information.

224 (2) Any person who wilfully delivers or discloses to the commissioner
225 or the commissioner's authorized agent any list, return, account,
226 statement or other document, known by such person to be fraudulent
227 or false in any material matter, shall, in addition to any other penalty
228 provided by law, be guilty of a class D felony. No person shall be
229 charged with an offense under both subdivision (1) of this subsection
230 and this subdivision in relation to the same tax period but such person
231 may be charged and prosecuted for both such offenses upon the same
232 information.

233 (j) (1) Each carrier shall keep such records, receipts, invoices and other
234 pertinent papers in such form as the commissioner requires.

235 (2) In addition to the requirements set forth under subdivision (1) of
236 this subsection, each carrier shall maintain, on a monthly basis prior to
237 July 1, 2023, and on a quarterly basis on and after July 1, 2023, a list of
238 all the eligible motor vehicles that such carrier operates or causes to
239 operate on a highway in the state during such month or quarter, as
240 applicable. All such lists shall be maintained by the carrier for not less
241 than four years after the date of each such month or the last day of each
242 such quarter, as applicable, and shall be made available to the
243 commissioner upon request.

244 (3) The commissioner or the commissioner's authorized agent may
245 examine the records, receipts, invoices, other pertinent papers and
246 equipment of any person liable under the provisions of this section and
247 may investigate the character of the business of such person to verify
248 the accuracy of any return made or, if no return is made by such person,
249 to ascertain and determine the amount required to be paid.

250 (k) Any carrier that is aggrieved by the action of the commissioner or
251 an authorized agent of the commissioner in fixing the amount of any
252 tax, penalty or interest under this section may apply to the
253 commissioner, in writing, not later than sixty days after the notice of
254 such action is delivered or mailed to such carrier, for a hearing and a

255 correction of the amount of such tax, penalty or interest, setting forth the
256 reasons why such hearing should be granted and the amount by which
257 such tax, penalty or interest should be reduced. The commissioner shall
258 promptly consider each such application and may grant or deny the
259 hearing requested. If the hearing request is denied, the carrier shall be
260 notified forthwith. If the hearing request is granted, the commissioner
261 shall notify the carrier of the date, time and place for such hearing. After
262 such hearing, the commissioner may make such order as appears just
263 and lawful to the commissioner and shall furnish a copy of such order
264 to the carrier. The commissioner may, by notice in writing, order a
265 hearing on the commissioner's own initiative and require a carrier or
266 any other individual who the commissioner believes to be in possession
267 of relevant information concerning such carrier to appear before the
268 commissioner or the commissioner's authorized agent with any
269 specified books of account, papers or other documents, for examination
270 under oath.

271 (l) Any carrier that is aggrieved because of any order, decision,
272 determination or disallowance the commissioner made under
273 subsection (h) or (k) of this section may, not later than thirty days after
274 service of notice of such order, decision, determination or disallowance,
275 take an appeal therefrom to the superior court for the judicial district of
276 New Britain, which appeal shall be accompanied by a citation to the
277 commissioner to appear before said court. Such citation shall be signed
278 by the same authority and such appeal shall be returnable at the same
279 time and served and returned in the same manner as is required in the
280 case of a summons in a civil action. The authority issuing the citation
281 shall take from the appellant a bond or recognizance to the state of
282 Connecticut, with surety, to prosecute the appeal to effect and to comply
283 with the orders and decrees of the court in the premises. Such appeals
284 shall be preferred cases, to be heard, unless cause appears to the
285 contrary, at the first session, by the court or by a committee appointed
286 by the court. Said court may grant such relief as may be equitable and,
287 if such tax has been paid prior to the granting of such relief, may order
288 the Treasurer to pay the amount of such relief. If the appeal has been
289 taken without probable cause, the court may tax double or triple costs,

290 as the case demands and, upon all such appeals that are denied, costs
291 may be taxed against such carrier at the discretion of the court but no
292 costs shall be taxed against the state.

293 (m) The commissioner and any agent of the commissioner duly
294 authorized to conduct any inquiry, investigation or hearing pursuant to
295 this section shall have power to administer oaths and take testimony
296 under oath relative to the matter of inquiry or investigation. At any
297 hearing ordered by the commissioner, the commissioner or the
298 commissioner's agent authorized to conduct such hearing and having
299 authority by law to issue such process may subpoena witnesses and
300 require the production of books, papers and documents pertinent to
301 such inquiry or investigation. No witness under subpoena authorized
302 to be issued under the provisions of this section shall be excused from
303 testifying or from producing books, papers or documentary evidence on
304 the ground that such testimony or the production of such books, papers
305 or documentary evidence would tend to incriminate such witness, but
306 such books, papers or documentary evidence so produced shall not be
307 used in any criminal proceeding against such witness. If any person
308 disobeys such process or, having appeared in obedience thereto, refuses
309 to answer any pertinent question put to such person by the
310 commissioner or the commissioner's authorized agent, or to produce
311 any books, papers or other documentary evidence pursuant thereto, the
312 commissioner or such agent may apply to the superior court of the
313 judicial district wherein the carrier has a business address or wherein
314 the carrier's business has been conducted, or to any judge of such court
315 if the same is not in session, setting forth such disobedience to process
316 or refusal to answer, and such court or such judge shall cite such person
317 to appear before such court or such judge to answer such question or to
318 produce such books, papers or other documentary evidence and, upon
319 such person's refusal so to do, shall commit such person to a community
320 correctional center until such person testifies, but not for a period longer
321 than sixty days. Notwithstanding the serving of the term of such
322 commitment by any person, the commissioner may proceed in all
323 respects with such inquiry and examination as if the witness had not
324 previously been called upon to testify. Officers who serve subpoenas

325 issued by the commissioner or under the commissioner's authority and
326 witnesses attending hearings conducted by the commissioner pursuant
327 to this section shall receive fees and compensation at the same rates as
328 officers and witnesses in the courts of this state, to be paid on vouchers
329 of the commissioner on order of the Comptroller from the proper
330 appropriation for the administration of this section.

331 (n) The amount of any tax, penalty or interest due and unpaid under
332 the provisions of this section may be collected under the provisions of
333 section 12-35. The warrant provided under said section shall be signed
334 by the commissioner or the commissioner's authorized agent. The
335 amount of any such tax, penalty and interest shall be a lien on the real
336 estate of the carrier from the last day of the month next preceding the
337 due date of such civil penalty until such civil penalty is paid. The
338 commissioner may record such lien in the records of any town in which
339 the real estate of such carrier is situated but no such lien shall be
340 enforceable against a bona fide purchaser or qualified encumbrancer of
341 such real estate. When any tax with respect to which a lien has been
342 recorded under the provisions of this subsection has been satisfied, the
343 commissioner shall, upon request of any interested party, issue a
344 certificate discharging such lien, which certificate shall be recorded in
345 the same office in which the lien was recorded. Any action for the
346 foreclosure of such lien shall be brought by the Attorney General in the
347 name of the state in the superior court for the judicial district in which
348 the real estate subject to such lien is situated, or, if such real estate is
349 located in two or more judicial districts, in the superior court for any one
350 such judicial district, and the court may limit the time for redemption or
351 order the sale of such real estate or pass such other or further decree as
352 it judges equitable.

353 (o) No tax credit or credits shall be allowable against the tax imposed
354 under this section.

355 (p) Any person who knowingly violates any provision of this section
356 for which no other penalty is provided shall be fined one thousand
357 dollars.

358 (q) The commissioner may adopt regulations, in accordance with the
359 provisions of chapter 54, to implement the provisions of this section.

360 (r) At the close of each fiscal year, commencing with the fiscal year
361 ending June 30, 2023, in which the tax imposed under the provisions of
362 this section is received by the commissioner, the Comptroller is
363 authorized to record as revenue for such fiscal year the amount of such
364 tax that is received by the commissioner not later than five business days
365 from the July thirty-first immediately following the end of such fiscal
366 year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2023	12-493a

Statement of Legislative Commissioners:
Subsec. (c)(1)(A) was rewritten for accuracy.

FIN Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill changes, beginning in FY 24, the filing and payment frequency of the highway use tax from monthly to quarterly and does not result in a fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6931*****AN ACT CONCERNING THE REPORTING FREQUENCY FOR THE HIGHWAY USE TAX.*****SUMMARY**

This bill requires carriers subject to the highway use tax (i.e., highway use fee or HUF) to file returns and submit payments quarterly, rather than monthly as current law requires, starting with the third quarter of 2023. Under the bill, the quarterly returns and payments are due by the last day of the month following a calendar quarter (i.e., January 31, April 30, July 31, and October 31).

The bill also makes technical and conforming changes. These include requiring the Department of Revenue Services to order a permit cancellation hearing if a carrier files a return for two successive calendar quarters (rather than four successive months as under current law) indicating that none of the carrier's motor vehicles used roads in the state.

EFFECTIVE DATE: July 1, 2023

BACKGROUND***Highway Use Fee***

The HUF took effect on January 1, 2023. By law, it applies to carriers operating, or causing to be operated, certain heavy, multi-unit motor vehicles on public roads in the state. It is calculated based on a vehicle's gross weight (i.e., the vehicle's light weight plus its load) and the number of miles driven in the state. The applicable rates range from (1) 2.5 cents per mile for vehicles weighing 26,000 to 28,000 pounds to (2) 17.5 cents per mile for vehicles weighing more than 80,000 pounds. Vehicles transporting milk or dairy products to or from a dairy farm that holds a license to ship milk are exempt.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/19/2023)